



2007 Report to the Tennessee General Assembly

Every state is trying to find ways to  
provide access to health insurance  
for those who need it.

Because Governor Phil Bredesen and  
the General Assembly took action  
in 2006 to create Cover Tennessee,  
uninsured Tennesseans, who want  
health insurance but have not been  
able to obtain it, have options where  
none existed before.

Cover Tennessee is not a replacement  
for TennCare nor does it provide  
universal access to comprehensive  
coverage. The program's primary  
objective is to fill gaps in the health  
insurance market that historically  
have prevented children, working  
adults and chronically-ill individuals  
from obtaining coverage.

Cover Tennessee is a down-to-earth  
program that is flexible and reflects  
the priorities of Tennesseans.

Cover Tennessee stands as a national  
model illustrating how a state can  
structure voluntary health insurance  
programs to provide health care  
services to the uninsured.



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## EXECUTIVE SUMMARY

# Cover Tennessee focuses on four primary principles.

### **First: Make the programs accessible**

Health care cost is the key barrier to access. By sharing the financial responsibility between individuals, companies and the State, Cover Tennessee is helping make coverage affordable for those who simply cannot purchase insurance in today's market.

### **Second: Focus on effectiveness**

Cover Tennessee builds on best practices that are cost-effective and add value to the program's members.

### **Third: Emphasize personal responsibility**

Cover Tennessee emphasizes the principle that people must take responsibility for their health, and that the choices people make affect the cost of their health care. For example, if a program member smokes and is substantially overweight, the member will pay a higher premium; a non-preferred brand prescription will have a higher co-pay than a formulary drug.

### **Fourth: Ensure affordability and sustainability**

Designing something that costs \$400 or \$500 a month does not help anyone – and has been one of the downfalls of plans in other states. Cover Tennessee seeks to do the most good with the resources available in order to be affordable to members and sustainable for the State.

## **Cover Tennessee is a diverse family of programs**

The programs reside in Benefits Administration in the Department of Finance & Administration, which allows Cover Tennessee to leverage existing expertise and infrastructure and to manage the programs as a portfolio of insurance products.

### **Cover Tennessee has three insurance programs:**

- **CoverTN**
- **CoverKids**
- **AccessTN**

### **And a pharmacy assistance program:**

- **CoverRx**



CoverTN offers affordable, basic health insurance for small businesses, individual employees and the self-employed that covers the most frequently-used services, with an emphasis on wellness and prevention. CoverTN is one of the only plans in the nation to offer portability to members.



CoverKids allows qualifying children 18 and under to get free, comprehensive health insurance that covers preventive health care such as vaccinations as well as doctor visits, prescriptions and hospital visits. In fact, a family of four with a \$51,625 yearly income can qualify for CoverKids. The family will not have monthly premiums and will have modest co-pays for doctors visits and medications.



AccessTN is comprehensive health insurance for Tennessee's uninsurable adults who cannot get insurance because of their medical conditions.



CoverRx is a pharmacy assistance program designed for Tennesseans who do not have pharmacy coverage but have a critical need for medication.

**Cover Tennessee is currently providing 63,022\* previously uninsured Tennesseans with access to health insurance coverage and health care services where no options existed for them before.**

CoverTN and CoverKids are fully-insured products through BlueCross BlueShield of Tennessee, which means that BlueCross is at risk for the programs. AccessTN is self-insured through the State and ExpressScripts, Inc. administers CoverRx.

## **Cover Tennessee's Accomplishments**

### **Cover Tennessee Covers More than 63,000 Tennesseans with Services**

Cover Tennessee is currently providing 63,022\* previously uninsured Tennesseans with access to health insurance coverage and pharmacy services. Cover Tennessee stands as a national model illustrating how a state can structure an affordable, accessible and voluntary health care insurance program to provide health care services to the uninsured.

### **CoverTN Available to Businesses of 50 and Fewer Employees and to Individuals**

More than 13,000 people, including 5,600\* businesses and self-employed individuals across Tennessee, are CoverTN members. CoverTN launched with the goal of providing coverage to Tennessee businesses with 25 and fewer employees and the self-employed. Today the program covers Tennessee businesses with 50 and fewer employees, the self-employed and individuals who work at companies that do not provide employer-sponsored health insurance.

### **Addition of CoverKids Now Makes Insurance Available to Virtually All Children in Tennessee**

No Tennessee child should go without health care coverage. The Kaiser Family Foundation ranks Tennessee 16th in the nation with respect to children's coverage and the state's percentage of uninsured children is well below the national average (8 percent compared with 12 percent nationally based on the Current Population Study).

### **AccessTN Expands Premium Assistance Options for Low Income, Uninsurable Tennesseans**

AccessTN, Tennessee's health insurance program for chronically-ill and uninsurable Tennesseans, expanded premium assistance in 2008 to pay up to 90 percent of the monthly premiums for program members, depending on family income. Tennessee has the most state funding, \$13 million annually, for premium assistance of any of the 34 states with high risk pools. In fact, most states with high risk pools do not offer premium assistance. More than 80 percent of AccessTN members receive premium assistance and most of these members have family incomes at 250 percent of the federal poverty level (FPL).

\*As of December 31, 2007

## Procurement – Cover Tennessee Program-wide

Program and Contractor Name	Function
AON Consulting, Inc. Harkey Research The MEDSTAT Group, Inc. Walker + Associates, Inc.	Actuarial and Evaluation Services Research Consultant Health Care Data Warehouse & Analytics Mass Marketing & Advertising

### CoverRx Getting Affordable Medications to Tennesseans

CoverRx members have access to a prescription formulary of more than 250 generic medications, a drug list that includes dozens more drugs than many other low-cost, retail formularies. The medications are helping Tennesseans lead productive lives and have preventive care options for heart disease, high blood pressure, depression, asthma and diabetes. In fact, CoverRx is unique in that it provides low-cost insulin and diabetic supplies to non-Medicare and non-Medicaid individuals for a low co-payment. For the period Jan. to Dec. 2007, CoverRx filled 361,372 prescriptions and provided members a total of \$16.6 million in prescription drug savings, an average savings of \$46 per prescription.

### Being Accountable

Cover Tennessee strives to ensure those who are eligible can get in, and stay in, one of its four programs.

Cover Tennessee was designed to provide ease of entry and enrollment for applicants and enrollees. As a result, it is critical that each of the four programs provide for an increased level of vigilance of their enrollment and usage.

Cover Tennessee's program integrity function is responsible for providing reasonable assurance that:

- Services are only provided to eligible beneficiaries;
- Services are operating in compliance with established plan processes, business rules, applicable laws and regulations, and governing plan documents; and
- Steps are taken to prevent, detect and deter fraud and abuse within the administration of benefits.

### Focus In 2008 & 2009

Cover Tennessee is transitioning from a startup program to an established program with functions dedicated to operations, oversight and outreach. In the months ahead, Cover Tennessee will be focusing on three primary activities:

**Outreach** – Devote additional resources to develop innovative ideas to build awareness, expand outreach and increase enrollment;

**Evaluation** – Assess member satisfaction, geographic reach, quality, effectiveness and development opportunities; and

**Program Integrity** – Balance ease of access with accountability and assure Benefits Administration administers the program appropriately and consistently.

### Key Points About Cover Tennessee

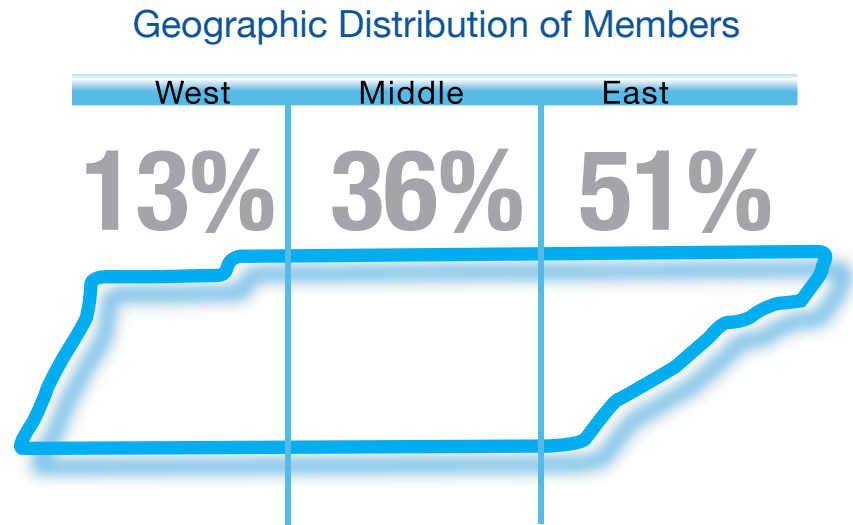
Cover Tennessee provides new options for Tennessee's uninsured. It is not intended to replace insurance for those who currently have it. It is a positive, first-step in providing access to insurance for those who do not currently have options.

Cover Tennessee is providing much-needed health insurance for Tennessee's children, chronically-ill adults, and for small business owners and their employees.

Finally, Cover Tennessee seeks to promote prevention and personal responsibility by covering basic care first and by putting health care decisions into the hands of the program's participants.



Tennessee is one of only five states, including Arkansas, Maine, New York and Oklahoma, offering coverage to businesses with 50 and fewer employees, the self-employed and individuals working at companies that do not provide employer-sponsored health insurance.



## 2007 Cost & Premium Data\*

Cost per Participant	\$1,424.34
Average Premium (Total)	\$158.26
Average Premium – State Cost	\$52.75
Average Premium – Participant Cost	\$52.75
Average Premium – Employer Cost	\$52.75

\*Cost per participant includes premiums paid to BlueCross BlueShield of Tennessee and is based on nine months of data. CoverTN premiums vary based on age, obesity and tobacco-use. Therefore, the cost may be higher or lower depending on an individual's age, weight and tobacco-use.

## Procurement – CoverTN

In October 2006, Cover Tennessee issued a Request for Proposal for an insurance administrator for CoverTN. The procurement sought two insurance plans for CoverTN members, with each plan to be modeled after a defined-contribution health plan with basic parameters for required covered services and maximum co-payments. Cover Tennessee challenged the insurance industry to design specific benefit packages to provide the most needed services. Cover Tennessee received five proposals from four companies: BlueCross BlueShield of Tennessee, United Healthcare, Aetna and Cigna. Cover Tennessee awarded the CoverTN contracts to BlueCross BlueShield of Tennessee in December 2006 for two best-evaluated plans.

### Program and Contractor Name

### Function

Alicia Smith and Associates  
BlueCross BlueShield of Tennessee  
BlueCross BlueShield of Tennessee

Program Development Consultant  
Insurance and Plan Administration - Plan A  
Insurance and Plan Administration - Plan B

## Program Overview

CoverTN is a partnership between the state, employers and individuals that makes health care coverage affordable for everyone. To lower costs, the program offers basic coverage and each party agrees to pay 1/3 of the monthly premium. Monthly premium shares range between \$37 and \$109.

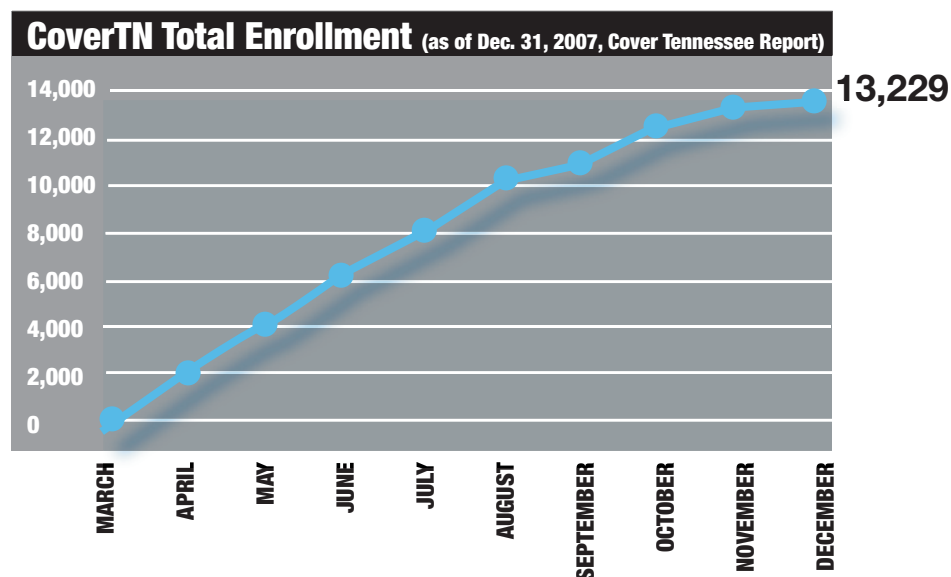
CoverTN is also portable. This means individuals can take their coverage with them if they switch jobs or are unemployed for a short time. There are no deductibles and co-pays are reasonable.

## Eligibility Overview

- Employers with 50 or fewer full-time equivalent employees, where half of the employees earn \$43,000 or less annually and the employer has not offered employer-sponsored insurance for six months
- Individuals working at businesses with 50 and fewer employees, who work at least 20 hours per-week and did not stop health insurance coverage in the last six months
- Employees at companies that do not offer employer-sponsored health insurance or CoverTN, and who earn \$43,000 or less annually and did not stop health insurance coverage in the last six months
- Self-employed individuals who work at least 20 hours per-week on average, earn \$43,000 or less annually and did not stop health insurance coverage in the last six months
- For more information on CoverTN eligibility, visit [www.CoverTN.gov](http://www.CoverTN.gov)

## Benefits Overview

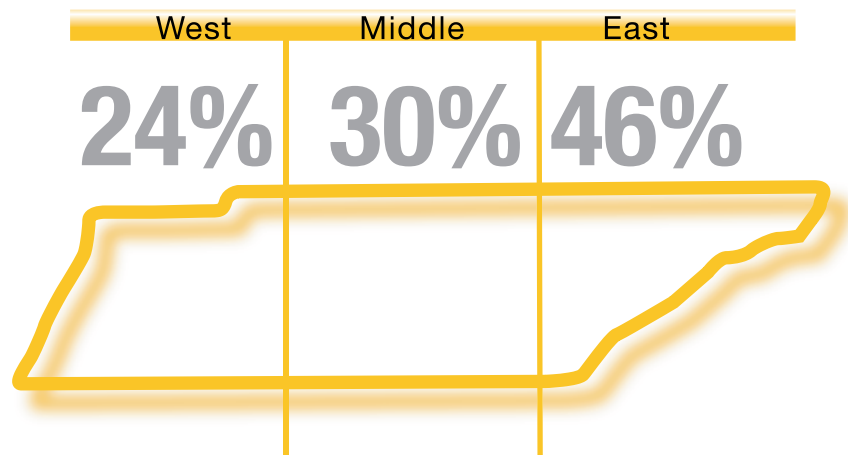
- Doctor visits including check-ups
- Prescriptions
- Hospital services
- Physician services
- Outpatient services
- Lab services
- Mental health services
- Ambulance services
- Diabetic supplies
- Hospice care
- Reconstructive breast surgery
- Chemotherapy and radiation
- Home health care
- Radiology and pathology
- CoverTN has an annual maximum benefit limit of \$25,000, which will cover the costs of medical services most Tennesseans need in a year.



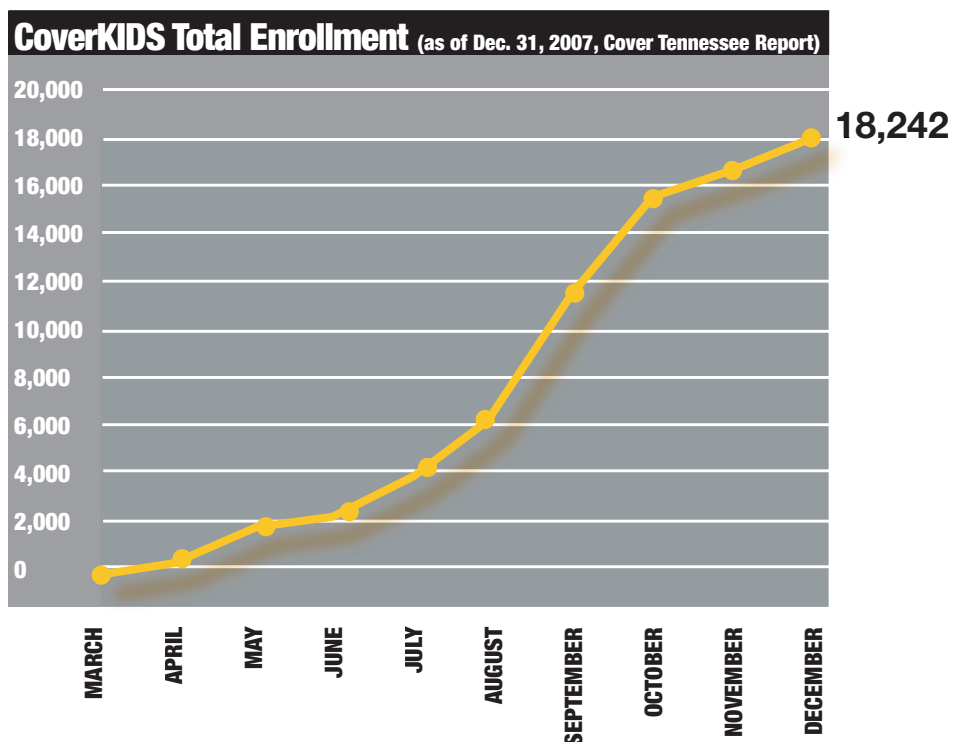


A family of four with a yearly income of \$51,625 can qualify for CoverKids. They will have no monthly premiums for coverage and will pay only \$5 to \$15 for doctors visits when they are sick and as little as \$5 for generic medications. Plus, they won't have any co-pays for routine well exams, labs or x-rays.

## Geographic Distribution of Members



Between CoverKids, TennCare and families who have private insurance, there is no reason Tennessee's children should go without health care coverage. The Kaiser Family Foundation ranks Tennessee 16th in the nation with respect to children's coverage and the state's percentage of uninsured children is well below the national average (8 percent compared with 12 percent nationally based on the Kaiser study). CoverKids continues to help close the coverage gap for our children.





## Procurement – CoverKids

Program and Contractor Name	Function
BlueCross BlueShield of Tennessee	Insurance and Plan Administration
Cynthia Shirk	CMS Policy Consultant
EP&P Consulting, Inc.	CMS Policy Consultant
East Tennessee CSA	Application Assistance and Outreach
Health Assist Tennessee	Application Assistance and Language Translation
Health Management Associates, Inc.	Operations Consultant
Memphis & Shelby County CSA	Application Assistance and Outreach
Mid-Cumberland CSA	Application Assistance and Outreach
Mid-West CSA (Upper Cumberland/Northwest)	Application Assistance and Outreach
Northeast CSA	Application Assistance and Outreach
Policy Studies, Inc.	Eligibility and Enrollment
Southeast CSA	Application Assistance and Outreach
Southwest CSA	Application Assistance and Outreach

### Program Overview

CoverKids provides comprehensive health coverage for children 18 and under, and maternity coverage for pregnant women. Emphasis is placed on preventive care and services most needed by children, including vaccinations, well-child visits and developmental screenings.

For qualifying families, no monthly premiums are charged but each participant pays reduced co-payments for services.

### Eligibility Overview

- Age 18 or younger
- A Tennessee resident
- A U.S. citizen or qualified legal alien
- Uninsured for 3 months
- Not eligible for TennCare
- Household income up to 250 percent of the federal poverty level (FPL)
- Maternity coverage available for pregnant women between 185 percent and 250 percent of the federal poverty level (FPL) who meet other eligibility criteria
- For more information on CoverKids eligibility, visit [www.CoverTN.gov](http://www.CoverTN.gov)

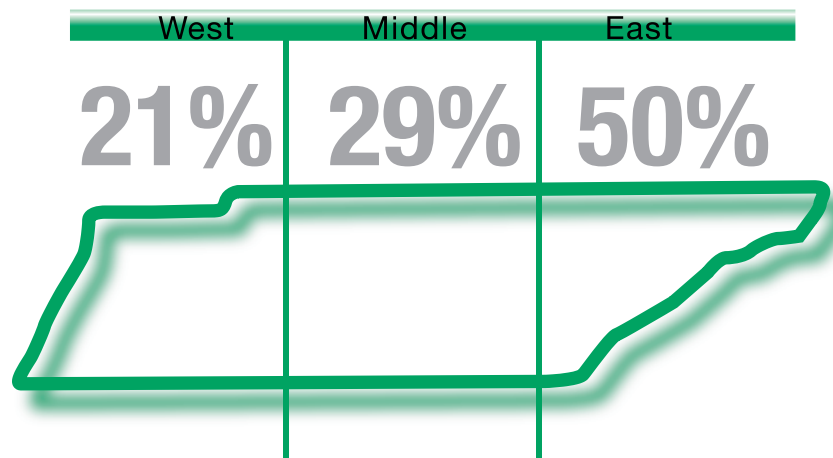
### Benefits Overview

- Doctors visits including checkups
- Prescriptions
- Hospital and physician services
- Mental health services
- Vision services for routine eye exams, glaucoma testing, eyeglass lenses, contacts and replacement frames



For the period Jan. to Dec. 2007, CoverRx filled 361,372 prescriptions and provided members a total of \$16.6 million in prescription drug savings, for an average savings of \$46 per prescription.

### Geographic Distribution of Members



CoverRx provides the generic equivalent of the following popular brand drugs.

#### **Cholesterol/Heart/Blood Pressure**

Zocor® (Simvastatin)  
Coreg® (Carvedilol)  
Norvasc® (Amlodipine)  
Prinivil, Zestril® (Lisinopril)  
Toprol XL® (Metoprolol)  
Succinate Extended-Release)  
Pravachol® (Pravastatin)  
Inderal® (Propranolol)

#### **Anxiety/Depression/ Anticonvulsants:**

Paxil® (Paroxetine)  
Zoloft® (Sertraline)  
Wellbutrin XL® (Bupropion XL)  
Neurontin® (Gabapentin)  
Celexa® (Citalopram)

#### **Asthma**

Flonase® (Fluticasone)  
ProAir HFA®\*

#### **Diabetes**

Glucophage® (Metformin)  
Lantus®\*  
Novolin®\*  
NovoLog®\*

#### **Gastroesophageal Reflux**

Prilosec® (Omeprazole)

#### **Antibiotics**

Amoxil® (Amoxicillin)  
Zithromax® (Azithromycin)  
Keflex® (Cephalexin)  
Cipro® (Ciprofloxacin)

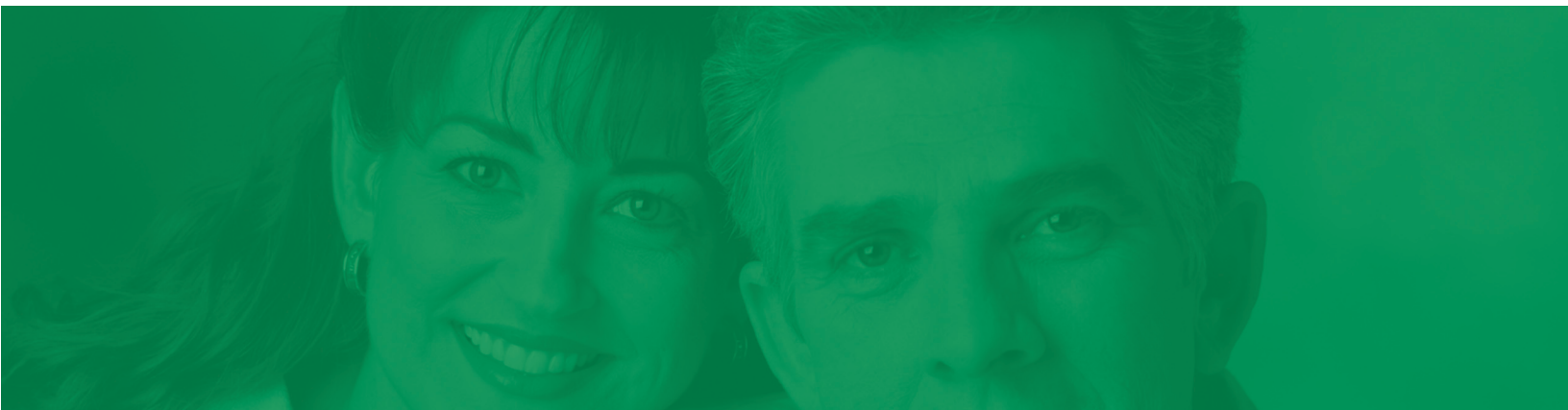
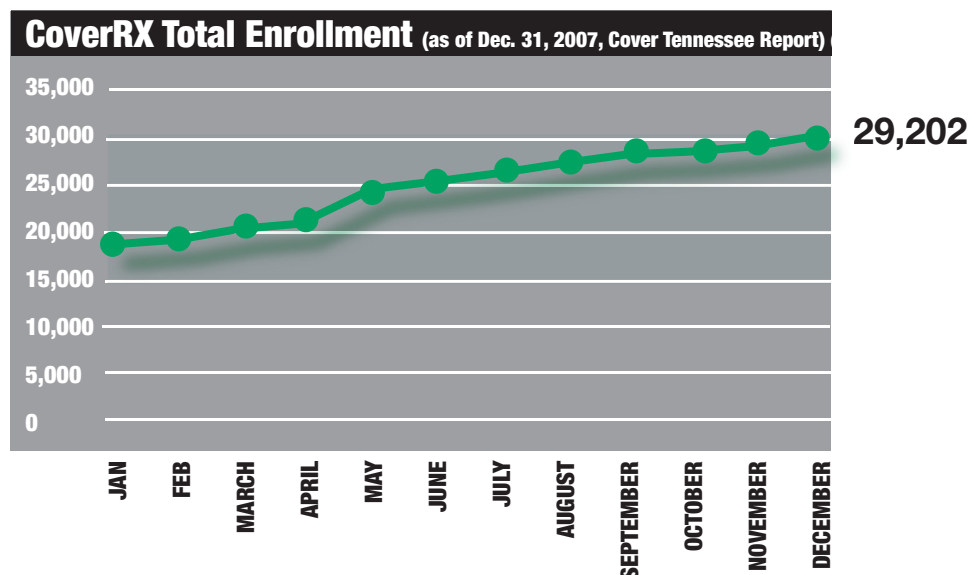
\* Covered brand drug

\*\* This is not a complete list.

The CoverRx generic drug list includes more than 250 medications, dozens more drugs than on many low-cost formularies.

### Procurement – CoverRx

Program and Contractor Name	Function
Express Scripts - CoverRx	Plan Administration



## Program Overview

CoverRx is a statewide pharmacy assistance program designed to assist those who have no pharmacy coverage, but have a critical need for medication. CoverRx provides participants affordable access to a covered drug list with approximately 250 medications, mostly generic, but including some name brands of insulin and mental health medications.

CoverRx pays for five prescriptions per month. Insulin and diabetic supplies are excluded from the prescription limit.

Since CoverRx is not health insurance, there are no monthly premiums, and it will not cover doctors visits or hospitalizations. Affordable copayments for medications vary with income.

## Eligibility Overview

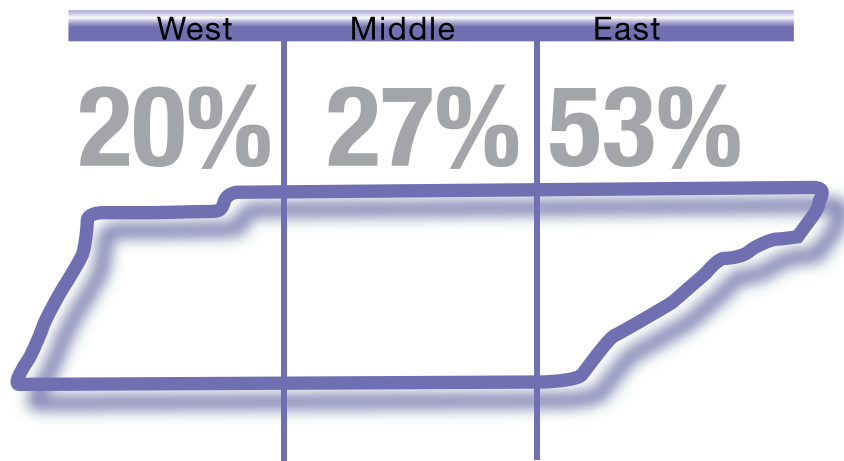
- Tennessee resident, U.S. citizen or qualified legal alien
- Household income at or below 250 percent of the federal poverty level (FPL)
- Cannot have pharmacy coverage, such as TennCare or employee insurance
- CoverRX members may participate in other discount drug programs, such as those offered by retail stores
- For more information on CoverRx eligibility, visit [www.CoverTN.gov](http://www.CoverTN.gov)

## Benefits Overview

- More than 250 generic drugs
- Insulin and diabetic supplies
- Discounts on non-covered drugs
- Drugs for common diagnoses such as high cholesterol, high blood pressure, heart disease, anxiety, asthma, diabetes and acid reflux

Tennessee is the only state high-risk pool which provides a full pharmacy benefit, including chemotherapy and radiation drugs, from day one to promote health maintenance during the program's pre-existing conditions period.

## Geographic Distribution of Members



Tennessee has the most state funding, \$13 million annually, for premium assistance of any of the 34 states with high-risk pools.

More than 80 percent of AccessTN members receive premium assistance and most of these members have family incomes at 250 percent of the federal poverty level (FPL) about \$51,625 annually for a family of four.

## Procurement – AccessTN

Program and Contractor Name	Function
BlueCross BlueShield of Tennessee Bruce Abbe Fort Dearborn Life Insurance Company Health Assist Tennessee Patient Services, Inc.	Insurance and Plan Administration Consulting – High-Risk Pool Underwriting & Administration Services Application Assistance and Outreach Premium Assistance Administration

## Program Overview

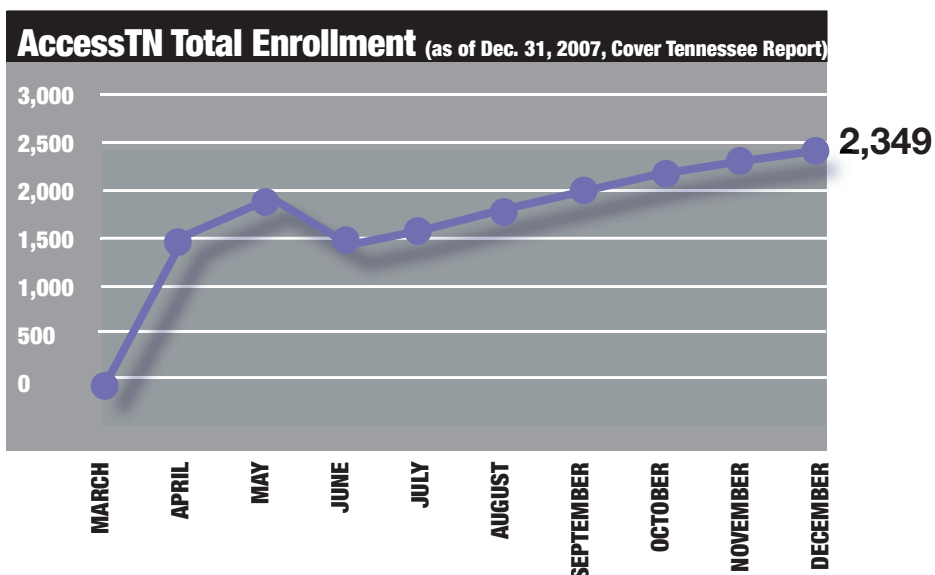
AccessTN offers comprehensive health insurance for uninsurable adults. Members may choose the coverage that fits their needs. There are no income limits or asset tests. Premium assistance of 20 percent to 90 percent is available based on family income. No one is turned away because of their health status or medical conditions.

## Eligibility Overview

- No income limits, no asset test
- Tennessee resident, U.S. citizen or qualified legal alien
- Age 19 or older
- Uninsurable because of health status
- No access to employer insurance, except CoverTN
- No health insurance for prior 3 months (some exceptions apply)
- Special rules apply to those finishing COBRA, TennCare or CoverKids policies
- For more information on AccessTN eligibility, visit [www.CoverTN.gov](http://www.CoverTN.gov)

## Benefits Overview

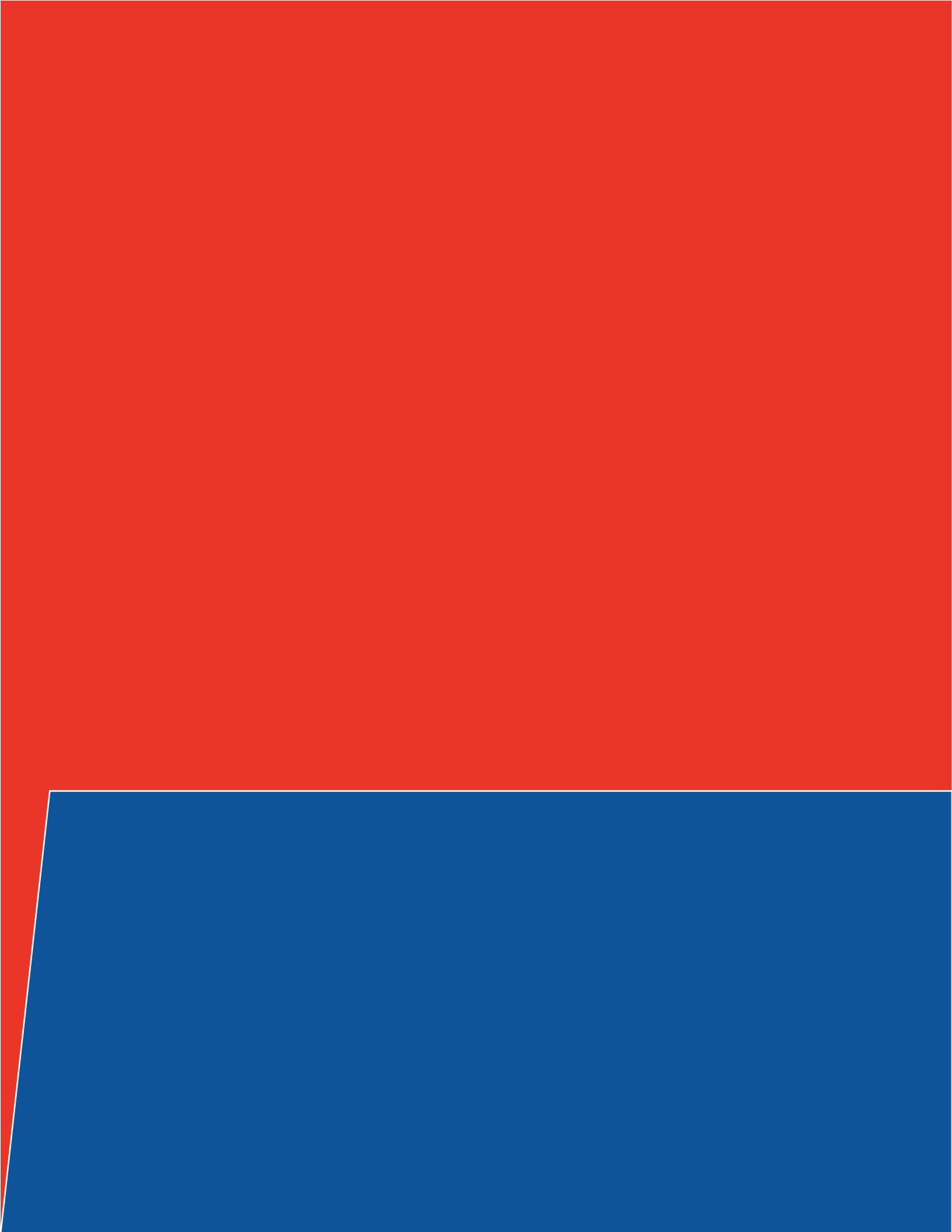
- Comprehensive health insurance
- 3 plans to choose from with \$1,000, \$2,500 and \$5,000 deductibles
- 50 percent medical benefit for pre-existing conditions for 6 months before full benefit begins
- All plans have full benefit for pharmacy from day one of coverage
- Annual maximum benefit of \$200,000 for \$1,000 and \$5,000 deductible plans





Cover Tennessee offers health insurance to uninsured individuals in Tennessee through three insurance programs and a pharmacy assistance program. CoverTN is an affordable and portable basic health insurance initiative for uninsured small businesses and working Tennesseans. Comprehensive insurance for children is provided through CoverKids, and chronically ill adults are eligible for AccessTN. CoverRx is a state-wide pharmacy assistance program designed to help those who have no pharmacy coverage but have a critical need for medication.

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